

Cardio-thoracic surgeons' practice expenses

ISSUE: Do the practice expense relative values for cardio-thoracic surgeons adequately take into account the costs of paying the clinical staff whom they bring to hospitals?

KEY POINTS: Section 644 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) requires the Medicare Payment Advisory Commission to conduct a study on the practice expense relative values for physicians in the specialties of thoracic and cardiac surgery to determine whether such values adequately take into account the attendant costs that such physicians incur in providing clinical staff for patient care in hospitals. The study is due by January 1, 2005.

In 1992, Medicare changed how physicians are reimbursed by adopting a fee schedule and establishing relative value units (RVUs) for physician work, practice expense (PE), and professional liability insurance. The Social Security Amendments of 1994 required CMS to develop a resource-based system for determining practice expenses for each physician service, and the Balanced Budget Act of 1997 required that the resource-based PE RVUs be phased in over a four-year period, 1999–2002.

In 1999 during the phase in period, CMS decided to exclude the expense associated with the clinical staff that physicians bring to the hospital. Those staff may assist in the operating room, or provide pre- or post-operative services, for example patient care, patient education, or discharge planning. They may be physician assistants, surgical technologists, certified registered nurse first assistants, or others.

The issue paper presents our findings and analysis.

ACTION: The staff seeks Commission direction on developing the issue paper into a letter report to the Congress.

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Certified Registered Nurse First Assistant study

ISSUE: Should certified registered nurse first assistants (CRNFAs) be paid separately under Medicare for first assistant at surgery services?

KEY POINTS: Section 643 of the MMA requires MedPAC to conduct a study on the feasibility and advisability of providing for payment under part B for surgical first assisting services furnished by a certified registered nurse first assistant to Medicare beneficiaries. The report on the study together with recommendations for such legislation or administrative actions as the Commission determines to be appropriate is due by January 1, 2005.

Physicians and specified non-physician practitioners (physician assistants, clinical nurse specialists, nurse practitioners, and certified nurse midwives) are paid separately by Medicare when they function as first assistant at surgery. Physicians are paid 16 percent of the physician fee for surgery, non-physician practitioners (NPPs) are paid 85 percent of 16 percent (or 13.6 percent) of the physician fee. Other NPPs who function as first assistants, such as CRNFAs, surgical technologists, and orthopedic physician assistants, are not eligible for separate payment.

The draft letter report to the Congress includes the findings and analysis presented last month and the Commission's view expressed during the September meeting.

ACTION: The staff seeks Commissioners' comments on the draft report.

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